

**FILED**

JUN - 7 2002

LARRY W. PROPPES, CLERK  
U. S. DISTRICT COURTIN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF SOUTH CAROLINA  
ROCK HILL DIVISION

HARTFORD FIRE INSURANCE COMPANY, )

Plaintiff, )

v. )

ANTHONY M. BRIDA, INC. and )  
CHATA COATING AND LAMINATING, INC. )

Defendants. )

0 - 0 2 - 1 9 6 8 - 1 0

Civil Action No. \_\_\_\_\_

COMPLAINT FOR  
DECLARATORY JUDGMENT

Plaintiff, Hartford Fire Insurance Company ("Hartford"), would respectfully show unto the Court the following:

JURISDICTIONAL ALLEGATIONS

1. This action is brought for a declaratory judgment pursuant to 28 U.S.C. §2201 (a).
2. This Court has jurisdiction of the subject matter of this action pursuant to 28 U.S.C. §1332(a).
3. Hartford is a Connecticut corporation with its principal place of business in Connecticut.
4. Defendant, Anthony M. Brida, Inc., ("Brida") is a New Jersey corporation with its principal place of business in New Jersey.
5. Defendant, Chata Coating and Laminating, Inc., is a Florida corporation with its principal place of business in South Carolina.
6. An actual controversy exists between Hartford and each defendant concerning coverage under an insurance policy issued by Hartford to Brida.
7. The amount in controversy exceeds the sum of \$75,000, exclusive of interest and costs.

8. Venue is appropriate in this forum pursuant to 28 U.S.C. §1391.

FIRST CAUSE OF ACTION

9. Hartford issued policy no. 13 UUM ID8655 (the “Policy”) to Brida, effective from October 25, 2001 to October 25, 2002. A copy of the Policy is annexed hereto as an exhibit.

10. The policy provides coverage under Form MS 00 39 04 89 (the Cargo Coverage Form) for those sums that Brida becomes legally obligated to pay under a contract of carriage for direct physical loss to property of others in Brida’s care, custody or control while in or on a transporting vehicle, subject to the terms and conditions of the Policy.

11. Section “B” of the Cargo Coverage Form contains the following exclusions from coverage:

**B. EXCLUSIONS**

\* \* \*

2. We will not pay for “loss” caused by or resulting from any of the following:

a. Delay, loss of use, loss of market, or any other causes of consequential “loss”.

\* \* \*

d. Poor or insufficient packaging or packing or the Covered Property; or poor packing of the Covered Property in or on the transporting vehicle.

e. Rust, corrosion, contamination, leakage, breakage, marring, scratching, wetness, dampness or exposure to light or darkness. \* \* \*

12. On April 26, 2002, Chata filed a complaint in this Court against Brida and others under civil action number 0:02-1385-10 (the “Cargo Action”).

13. The complaint in the Cargo Action alleges that machinery belonging to Chata was damaged in the course of transportation performed by Brida in December, 2001.

14. The complaint in the Cargo Action alleges that the damage to Chata’s machinery was caused by water.

15. Any liability which Brida may have for the damage to Chata’s property, as alleged in the complaint in the Cargo Action, is excluded from coverage by Exclusion B.2.e. of the Cargo Coverage Form.

16. Hartford is entitled to a declaration that it is not obligated to indemnify Brida for any liability which it may have for any judgment rendered against it in the Cargo Action.

#### SECOND CAUSE OF ACTION

17. Hartford repeats and re-alleges each and every allegation contained in paragraphs 1 through 13 of this complaint.

18. The complaint in the Cargo Action alleges that the damage to Chata’s machinery was caused by the failure to tarp the machinery in the course of transportation.

19. Any liability which Brida may have for the damage to Chata’s property, as alleged in the complaint in the Cargo Action, is excluded from coverage by Exclusion B.2.d. of the Cargo Coverage Form.

20. Hartford is entitled to a declaration that it is not obligated to indemnify Brida for any liability which it may have for any judgment rendered against it in the Cargo Action.

#### THIRD CAUSE OF ACTION

21. Hartford repeats and re-alleges each and every allegation contained in paragraphs

30. The Policy does not provide that Hartford shall defend any suit or proceeding against Brida.

31. Hartford is entitled to a declaration that it is not required to provide a defense to Brida in the Cargo Action.

WHEREFORE, Hartford demands judgment for a declaration that the Policy does not cover the claims alleged in the complaint in the Cargo Action, that the maximum of any indemnity which may be due for any liability which Brida may have for the claims alleged in the complaint in the Cargo Action is \$999,000, that Hartford is not required to provide a defense to Brida in the Cargo Action, and for such other and further relief which to the Court may seem just and proper.



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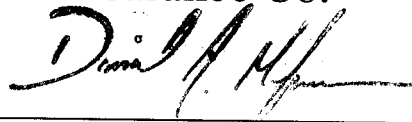
O. Doyle Martin, Fed. Bar # 3320  
Robert D. Moseley, Jr., Fed. Bar # 5526  
Attorney for Hartford Fire Insurance Company

Leatherwood Walker Todd & Mann, P.C.  
Attorneys at Law  
300 East McBee Avenue, Suite 500  
Post Office Box 87  
Greenville, South Carolina 29602  
864-242-6440/FAX 864-240-2498  
e-mail: rmoseley@lwtm.com

June 6, 2002

This is a true and certified copy of policy 13uum ID 8655  
Issued by Hartford Fire Insurance Company. Effective  
10/25/01 thru 10/25/02 Which policy is currently in  
full force and effect. Certification dated at Charlotte,  
North Carolina the 30 of June, 2002.

Hartford Insurance Co.

By: 

## POLICY FACE SHEET

55

86 INSURER:

ID HARTFORD INSURANCE GROUP

UUM CHANGE NO. 001

CHANGE EFF DATE: 12/12/01

POLICY NO.: 13 UUM ID8655 13

## COMMON POLICY DECLARATIONS

## ITEM

1. NAMED INSURED AND ANTHONY M BRIDA, INC  
MAILING ADDRESS: P.O. BOX 340, ROUTE 322  
GLASSBORO NJ 08028  
(GLOUCESTER COUNTY)

2. POLICY PERIOD: FROM 10/25/01 TO 10/25/02

3. AGENT'S OR BROKER'S CODE: 651076 RECORDS RETENTION - PERMANENT  
AGENT'S OR BROKER'S NAME: SAMUEL P MARTIN INSURANCE AGCY, INC

PREVIOUS POLICY NO.: 13 UUM ID8655

4. AUDIT PERIOD: ANNUAL

5. NAMED INSURED IS: CORPORATION

6. DESCRIPTION OF YOUR BUSINESS: BUILDING MATERIAL DEALER

PROPERTY COMPANY CODE: 1

INLAND MARINE COMPANY CODE: 1

POLICY STATUS: ACTIVE

LOB LEVEL OF SUPPORT: CP-S, #IM-S

AUDIT: (5) CP, (4) IM

REINSURANCE

SIC CODE - 5210

MARKET SEGMENTATION - 570

E-COMMERCE ID: 2

AUTOMATICALLY BOOKED

TRANS TYPE: ENDT CNTL#: 004  
FACE SHEET TERMINAL ID: R013R26S PAGE 1  
05/23/02 13 UUM ID8655 13 (10/25/02)

08093

\*0100013ID86550401

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**POLICY CHANGES**

This endorsement forms a part of the Policy numbered below:

**POLICY NUMBER:** 13 UUM ID8655 13**CHANGE NUMBER:** 001**Policy Change Effective Date:** 12/12/01**Named Insured:** ANTHONY M BRIDA, INC**Producer's Name:** SAMUEL P MARTIN INSURANCE AGCY, INC**Pro Rata Factor:** .869**Description of Change(s):**

RETURN PREMIUM DUE AT THE CHANGE EFFECTIVE DATE: \$1,241.00

STATE SURCHARGE(S) SHOWN BELOW NOT INCLUDED IN ABOVE TOTALS:

DATE DUE: 12/12/01

RETURN NJPLGA SURCHARGE: \$4.00

RETURN PREMIUM DUE 12/12/01 \$1,241.00

INLAND MARINE

INLAND MARINE COVERAGE PART IS CHANGED

CARGO - CARRIERS LIABILITY COVERAGE IS REVISED

PREMIUM \$ 21,148.00

RETURN PREMIUM \$ 1,241.00

FORM NUMBERS OF ENDORSEMENTS REVISED  
AT ENDORSEMENT ISSUE:

MS19110489

THIS ENDORSEMENT WILL NOT BE BINDING UNLESS COUNTERSIGNED BY OUR  
AUTHORIZED REPRESENTATIVE.

Countersigned by \_\_\_\_\_

Authorized Representative

Date

UW COPY

Form HM 12 01 01 91T Printed in U.S.A.

08094

\*0100013ID86550401

# COMMERCIAL INLAND MARINE CARGO SCHEDULE



**POLICY NUMBER:** 13 UUM ID8655  
**CHANGE NUMBER:** 001

This schedule provides supplementary information to be used with the Commercial Inland Marine Cargo Coverage indicated below.

**Rate:** .622      **Premium:** \$21,148.00      **Maximum Limit:** \$2,000,000  
**Deductible:** \$2,500      **Radius of Operation:** UNLIMI      miles

Description of Covered Property: SEE IH1200

## CARGO COVERAGE - Carrier for Hire

Coverage is provided for 1., 2., 3. below only if a Limit of Insurance is shown.

	Limit of Insurance
1. Any One Vehicle (not listed)	\$500,000
2. Listed Vehicle Limits (See Schedule below)	
3. Terminal(s) - Address must be shown below.	
a. ROUTE #322 N/S	\$50,000
GLASSBORO, NJ	
b.	
c.	
d.	
e. Newly Acquired Terminal(s)	\$50,000

## CARGO COVERAGE - Your Property on Your Vehicles

Coverage is provided for 1. and 2. below only if a Limit of Insurance is shown.

	Limit of Insurance
1. Any One Vehicle (not listed)	
2. Listed Vehicle Limits (See Schedule below)	

## ADDITIONAL COVERAGE(S)

Description of Additional Coverage	Limit of Insurance	Deductible
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## SCHEDULE OF VEHICLES

Limit of Insurance



## PRODUCER'S FACT SHEET

NAMED INSURED: ANTHONY M BRIDA, INC

POLICY NO: 13 UUM ID8655 13

PRODUCER'S NAME: SAMUEL P MARTIN INSURANCE AGCY, INC  
PRODUCER'S CODE: 651076

POLICY PERIOD: FROM 10/25/01 TO 10/25/02 TRANS EFF DATE: 12/12/01

TRANSACTION TYPE: ENDORSEMENT CHANGE NO. 001

ENDORSEMENT PREMIUM \$1,245.00 RP  
(INCLUDES TAXES AND SURCHARGES)

## ENDORSEMENT PREMIUM BREAKDOWN

LOB	TOTAL PREMIUM	CHANGE
IM	\$1,241.00	RP
NJPLGA SRCH	\$4.00	RP
TOTAL:	\$1,245.00	RP

## INSTALLMENT BREAKDOWN

INSTALLMENT	PREMIUM	COMMISSION	PERCENTAGE
CASH	\$1,241.00	RP	5.0
CASH	\$4.00	RP	0.0
03 ADDITIONAL	\$5,244.00		5.0

FORM

TITLE

HM12010191T  
MS19110489POLICY CHANGES  
CARGO SCHEDULE

08095

\*0100013ID86550401



**COMMERCIAL INLAND MARINE**

coverage part - declarations

**POLICY NUMBER: 13 UUM ID8655 13**

This COMMERCIAL INLAND MARINE COVERAGE PART consists of:

- A. This Declarations;
- B. Commercial Inland Marine Conditions; and
- C. Any Coverage Forms, Endorsements and Schedules issued to be a part of this Coverage Part and listed below.

**Summary of Commercial Inland Marine Coverage and Premium:**

Type of Coverage	Advance Premium
<b>CARGO – CARRIER FOR HIRE</b>	<b>\$22,576</b>
<b>CONTRACTORS EQUIPMENT</b>	<b>\$ 697</b>
<b>Total Advance Premium</b>	<b>\$23,273</b>
<b>NJPLGA \$78.00</b>	

The following applies to coverages that are subject to Reporting requirements:

<b>Type of Coverage:</b>	<b>CARGO – CARRIER FOR HIRE</b>
Deposit Premium:	<b>\$22,576</b>
Premium Base	<b>GROSS RECEIPTS</b>
Computed on:	<b>\$3,400,000</b>
Reporting Period	<b>ANNUAL</b>
Adjustment Period:	<b>ANNUAL</b>
Reporting Rate	<b>\$.664</b>
Coverage Minimum Premium:	<b>\$22,576 – EARNED/RETAINED</b>

**AUDIT PERIOD: ANNUAL**

We will adjust any losses with you and pay any claim to you and this Loss Payee jointly or as interests may appear.

**Loss Payee:**

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Declarations" or the "Common Policy Declarations".

Form Numbers of Coverage Forms, Endorsements and Schedules that are a part of this Coverage Part:

<b>MS0039 0489</b>	<b>MS1911 0489</b>	<b>MS0026 1285</b>	<b>MS1901 1285</b>	<b>IH1200 1185</b>	<b>MS0001 0900</b>
<b>MS9922 0698</b>	<b>IH0017 0295</b>	<b>IL0208 0498</b>			

**DLM 12/10/01**

## COMMERCIAL INLAND MARINE COVERAGE PART - DECLARATIONS



### POLICY NUMBER:

This COMMERCIAL INLAND MARINE COVERAGE PART consists of:

- A. This Declarations;
- B. Commercial Inland Marine Conditions; and
- C. Any Coverage Forms, Endorsements and Schedules issued to be a part of this Coverage Part and listed below.

### Summary of Commercial Inland Marine Coverage and Premium:

Type of Coverage

Advance Premium

### Total Advance Premium

The following applies to coverages that are subject to Reporting requirements:

### Type of Coverage:

Deposit Premium:  
Premium Base  
Computed on:  
Reporting Period:  
Adjustment Period:  
Reporting Rate  
Coverage Minimum Premium:

### AUDIT PERIOD:

We will adjust any losses with you and pay any claim to you and this Loss Payee jointly or as interests may appear.

### Loss Payee:

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Declarations" or the "Common Policy Declarations".

Form Numbers of Coverage Forms, Endorsements and Schedules that are a part of this Coverage Part:

00743

\*2000213ID86550101



## POLICY FACE SHEET

55

86 INSURER:

ID HARTFORD INSURANCE GROUP

UUM

POLICY NO.: 13 UUM ID8655 13

COMMON POLICY DECLARATIONS

ITEM

1. NAMED INSURED AND  
MAILING ADDRESS:ANTHONY M BRIDA, INC  
P.O. BOX 340, ROUTE 322  
GLASSBORO NJ 08028  
(GLOUCESTER COUNTY)

2. POLICY PERIOD: FROM 10/25/01 TO 10/25/02

3. AGENT'S OR BROKER'S CODE: 651076 RECORDS RETENTION - PERMANENT  
AGENT'S OR BROKER'S NAME: SAMUEL P MARTIN INSURANCE AGCY, INC

PREVIOUS POLICY NO.: 13 UUM ID8655

4. AUDIT PERIOD: ANNUAL

5. NAMED INSURED IS: CORPORATION

6. DESCRIPTION OF YOUR BUSINESS: BUILDING MATERIAL DEALER

PROPERTY COMPANY CODE: 1

INLAND MARINE COMPANY CODE: 1

POLICY STATUS: ACTIVE

LOB LEVEL OF SUPPORT: CP-S, IM-S

AUDIT: (5) CP, (4) IM

REINSURANCE

SIC CODE - 5210

MARKET SEGMENTATION - 570  
E-COMMERCE ID: 2

AUTOMATICALLY BOOKED

TRANS TYPE: RENL CNTL#: 001  
FACE SHEET TERMINAL ID: R013RA2S PAGE 1  
11/27/01 13 UUM ID8655 13 (10/25/02)

00744

\*2000213ID86550101



This SPECIAL MULTI-FLEX POLICY is provided by the insurance company(s) of The Hartford Insurance Group, shown below.

## COMMON POLICY DECLARATIONS



**POLICY NUMBER:** 13 UUM ID8655 13  
**RENEWAL OF:** 13 UUM ID8655

**Named Insured and Mailing Address:**  
**(No., Street, Town, State, Zip Code)**

**ANTHONY M BRIDA, INC**

**P.O. BOX 340, ROUTE 322  
 GLASSBORO , NJ 08028  
 (GLOUCESTER COUNTY)**

**Policy Period:** **From** 10/25/01 **To** 10/25/02

12:01 A.M., Standard time at your mailing address shown above.

In return for the payment of the premium, and subject to all of the terms of this policy, we agree with you to provide insurance as stated in this policy. The Coverage Parts that are a part of this policy are listed below. The Advance Premium shown may be subject to adjustment.

**Total Advance Premium:** \$24,285.00

### Coverage Part and Insurance Company Summary

### Advance Premium

PROPERTY CHOICE	
HARTFORD FIRE INSURANCE COMPANY	
HARTFORD PLAZA	
HARTFORD, CONNECTICUT 06115	\$ 931.00
COMMERCIAL INLAND MARINE	
HARTFORD FIRE INSURANCE COMPANY	
HARTFORD PLAZA	
HARTFORD, CONNECTICUT 06115	\$23,273.00

LISTING OF ADDITIONAL COVERAGE PARTS CONTINUED ON THE FOLLOWING PAGE.

**Form Numbers of Coverage Parts, Forms and Endorsements that are a part of this policy and that are not listed in the Coverage Parts.**

HM0001 IH00170295 HM99011185 IL02080498 PC00010699 HM00200295

LISTING OF ADDITIONAL FORM NUMBERS CONTINUED ON A SUBSEQUENT PAGE.

**Agent/Broker Name:** SAMUEL P MARTIN INSURANCE AGCY, INC

**This policy is not binding unless countersigned by our Authorized Representative.**

Countersigned by

\_\_\_\_\_  
 Authorized Representative

\_\_\_\_\_  
 Date

UW COPY

**Form HM 00 10 02 95**

PAGE 1 (CONTINUED ON NEXT PAGE)

00745

\*2000213ID86550101



**COMMON POLICY DECLARATIONS (Continued)**

**POLICY NUMBER:** 13 UUM ID8655

ADDITIONAL COVERAGE PARTS (CONTINUED)

NJPLGA SURCHARGE

\$81.00

FORM NUMBERS OF COVERAGE PARTS, FORMS AND ENDORSEMENTS THAT ARE A PART OF THIS POLICY AND THAT ARE NOT LISTED IN THE COVERAGE PART. (CONTINUED)

IH12001185 ADDITIONAL INSURED  
IH12001185 MECHANICAL BREAKDOWN  
IH12001185 ADDITIONAL INSURED/LOSS PAYEES  
IH12001185 NAMED INSURED



## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized on behalf of all insureds to agree with us on changes in the terms of this policy. If the terms are changed, the changes will be shown in an endorsement issued by us and made a part of this policy.

### C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

We may do the same as to the books and records of any organization you newly acquire or form that is deemed to be a Named Insured under this policy.

### D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. Such inspections are not safety inspections. We do not undertake any duty to provide for the health or safety of any person. And we do not represent or warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations on our behalf.

**COMMON POLICY CONDITIONS (Continued)**

**E. PREMIUMS**

The first Named Insured shown in the Declarations:


1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

**F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY**

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

Our President and Secretary have signed this policy. The Declarations page has also been countersigned by our duly authorized representative.

  
Charles Minor O'Halloran, *Secretary*

  
Ramani Ayer, *Chairman & CEO*



POLICY NUMBER: 13 UUM ID8655



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**INSTALLMENT PLAN**

We and you agree that you will pay the premium in installments as shown below:

Date	Premium	Date	Premium
10/25/01	\$8,472.00		
01/25/02	\$5,244.00		
04/25/02	\$5,244.00		
07/25/02	\$5,244.00		

**ALSO DUE 10/25/01**  
NJPLGA SURCHARGE

**AMOUNT**  
\$81.00

POLICY NUMBER: 13 UUM ID8655



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

ADDITIONAL INSURED

ADDITIONAL INSURED

IT IS AGREED THAT THE FOLLOWING ADDITIONAL INSUREDS ARE BEING ADDED  
TO THE POLICY FOR UIIA (UNIFORM INTERMODAL INTERCHANGE AGREEMENT)  
PURPOSES:

APL LIMITED  
OOCL (USA) INC  
MAERSK LINE  
TONN LINES  
CSX INTERMODAL  
NORDANA LINE  
COMPANIE SUB-AMERICANA DE VAPORES, C/O ATG (CSAV/PANAM/LIBRA)  
HAPAG-LLOYD (AMERICA) INC  
MATSON NAVIGATION COMPANY  
PACER INT'L INC (PACER STACKTRAIN)  
UNION PACIFIC RAILROAD CO

POLICY NUMBER: 13 UUM ID8655



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

MECHANICAL BREAKDOWN

MECHANICAL BREAKDOWN OF REFRIGERATION OR HEATING UNITS

IT IS AGREED AS RESPECTS THE CARGO COVERAGE-CARRIER FOR HIRE, FORM MS00390489, COVERAGE EXTENSION, AND PARAGRAPH 5.C. IS AMENDED TO READ AS FOLLOWS:

THE MOST WE WILL PAY UNDER THIS COVERAGE EXTENSION IS \$100,000 PLUS THE LIMIT OF INSURANCE, IF ANY, SHOWN IN THE SCHEDULE APPLICABLE TO MECHANICAL BREAKDOWN. BUT WE WILL NOT PAY FOR "LOSS" CAUSED BY OR RESULTING FROM INSUFFICIENT FUEL OR LUBRICANTS REQUIRED FOR THE NORMAL OPERATION OF SUCH REFRIGERATION OR HEATING UNIT(S).

00747

\*2000213ID86550101



POLICY NUMBER: 13 UUM ID8655



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

NAMED INSURED

ANTHONY M BRIDA, INC  
ANTHONY M. AND SANDRA BRIDA, H/W  
A.M. LEASING OF DELAWARE, INC.

00748

\*2000213ID86550101



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NEW JERSEY CHANGES - CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
BUSINESS OWNERS POLICY  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL CRIME COVERAGE PART\*  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART

\* This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A), forgery or alteration (Coverage Form B), or public employee dishonesty (Coverage Forms O and P).

**A.** Pursuant to New Jersey law, this policy cannot be cancelled or nonrenewed for any underwriting reason or guideline which is arbitrary, capricious or unfairly discriminatory or without adequate prior notice to the insured. The underwriting reasons or guidelines that an insurer can use to cancel or nonrenew this policy are maintained by the insurer in writing and will be furnished to the insured and/or the insured's lawful representative upon written request.

This provision shall not apply to any policy which has been in effect for less than 60 days at the time notice of cancellation is mailed or delivered, unless the policy is a renewal policy.

**B.** Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following:

**2.** If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured and any person entitled to notice under this policy written notice of cancellation at least:

- a.** 10 days before the effective date of cancellation if we cancel for:
- (1)** Nonpayment of premium; or
  - (2)** Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f) as follows:

**(a)** "The risk, danger or probability that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. Any change in the circumstances of an insured that will increase the probability of such a destruction may be considered a 'moral hazard;' and

**(b)** The substantial risk, danger or probability that the character, circumstances or personal habits of the insured may increase the possibility of loss or liability for which an insurer will be held responsible. Any change in the character or circumstances of an individual, corporate, partnership or other insured that will increase the probability of such a loss or liability may be considered a 'moral hazard.'"

**b.** 30 days before the effective date of cancellation if we cancel for any other reason.

**C.** The following is added to the CANCELLATION Common Policy Condition:

**7.** Cancellation of Policies In Effect For 60 Days or More

- a. If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:
  - (1) Nonpayment of premium;
  - (2) Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f);
  - (3) Material misrepresentation or nondisclosure to us of a material fact at the time of acceptance of the risk;
  - (4) Increased hazard or material change in the risk assumed which we could not have reasonably contemplated at the time of assumption of the risk;
  - (5) Substantial breaches of contractual duties, conditions or warranties that materially affect the nature and/or insurability of the risk;
  - (6) Lack of cooperation from the insured on loss control matters materially affecting insurability of the risk;
  - (7) Fraudulent acts against us by the insured or its representative that materially affect the nature of the risk insured;
  - (8) Loss of or reduction in available insurance capacity;
  - (9) Material increase in exposure arising out of changes in statutory or case law subsequent to the issuance of the insurance contract or any subsequent renewal;
  - (10) Loss of or substantial changes in applicable reinsurance;
  - (11) Failure by the insured to comply with any Federal, State or local fire, health, safety or building or construction regulation, law or ordinance with respect to an insured risk which substantially increases any hazard insured against within 60 days of written notification of a violation of any such law, regulation or ordinance;
  - (12) Failure by the insured to provide reasonable and necessary underwriting information to us upon written request therefor and a reasonable opportunity to respond;
- (13) Agency termination provided:
  - (a) We document that replacement coverage at comparable rates and terms has been provided to the first Named Insured, and we have informed the first Named Insured, in writing, of the right to continue coverage with us; or
  - (b) We have informed the first Named Insured, in writing, of the right to continue coverage with us and the first Named Insured has agreed, in writing, to the cancellation or nonrenewal based on the termination of the first Named Insured's appointed agent.
- (14) Any other reasons in accordance with our underwriting guidelines for cancellation of commercial lines coverage.
- b. If we cancel this policy based on paragraph 7.a.(1) or (2) above, we will mail a written notice, stating the reason for cancellation, to the first Named Insured and any person entitled to notice under this policy, at least 10 days before the effective date of cancellation. For cancellation due to the nonpayment of premium, the notice will state the effect of nonpayment by the due date. Cancellation for nonpayment of premium will not be effective if payment of the amount due is made before the effective date set forth in the notice. If we cancel this policy for any other reason listed above, we will mail a written notice, stating the reason for cancellation, to the first Named Insured and any person entitled to notice under this policy, not more than 120 days nor less than 30 days before the effective date of such cancellation.
- c. Notice will be sent to the last mailing addresses known to us, by:
  - (1) Certified mail; or
  - (2) First class mail, if we have obtained from the post office a date stamped proof of mailing showing names and addresses,
- d. We need not send notice of cancellation if you have:
  - (1) Replaced coverage elsewhere; or
  - (2) Specifically requested termination.

- D. The following is added and supersedes any other provision to the contrary:

**NONRENEWAL**

1. We may elect not to renew this policy for any reason permitted to cancel it. If we elect not to renew this policy, we will mail a notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured at least 30 days but not more than 120 days before the expiration date of this policy. If this policy does not have a fixed expiration date, it shall be deemed to expire annually on the anniversary of its inception.
2. This notice will be sent to the first Named Insured at the last mailing address known to us by:
  - a. Certified mail; or
  - b. First class mail, if we have obtained from the post office a date stamped proof of mailing showing the first Named Insured's name and address.
3. We need not mail or deliver this notice if you have:
  - a. Replaced coverage elsewhere; or
  - b. Specifically requested termination.

## PROPERTY CHOICE



## QUICK REFERENCE

### PROPERTY CHOICE COVERAGE PART

**Property Choice Conditions**


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- |   |   |
|---|---|
| <p>A. General Conditions</p> <ol style="list-style-type: none"> <li>1. Abandonment</li> <li>2. Application of Limits</li> <li>3. Appraisal</li> <li>4. Claim Settlement</li> <li>5. Concealment, Misrepresentation or Fraud</li> <li>6. Control of Property</li> <li>7. Coverage Territory</li> <li>8. Equipment Breakdown - Suspension</li> <li>9. Equipment Breakdown - Inspection</li> <li>10. Errors in Description</li> <li>11. Insurance Under Two or More Coverages</li> <li>12. Legal Action Against Us</li> <li>13. Liberalization</li> <li>14. Loss Payee - Standard</li> <li>15. Mortgageholders or Lenders</li> <li>16. No Benefit to Bailee</li> <li>17. Other Insurance</li> <li>18. Policy Period</li> <li>19. Recovered Property</li> <li>20. Transfer of Rights (Subrogation)</li> </ol> <p>B. General Duties in Event of Loss</p> <ol style="list-style-type: none"> <li>1. Your Duties <ol style="list-style-type: none"> <li>a. Notify Police</li> <li>b. Notify Us</li> <li>c. Protect Property</li> <li>d. Take Inventory</li> <li>e. Permit us to Inspect Property, Books</li> </ol> </li> </ol> | <p>f. Proof of Loss</p> <p>g. Cooperate</p> <ol style="list-style-type: none"> <li>2. Our Right - Examine You Under Oath</li> </ol> <p>C. General Definitions</p> <ol style="list-style-type: none"> <li>1. Automatic Fire Extinguishing System</li> <li>2. Autos</li> <li>3. Building Glass</li> <li>4. Computer Equipment</li> <li>5. Earthquake</li> <li>6. Equipment Breakdown Accident</li> <li>7. Equipment Breakdown Property</li> <li>8. Flood</li> <li>9. Money</li> <li>10. Newly Acquired Premises</li> <li>11. Policy Year</li> <li>12. Pollutants and Contaminants</li> <li>13. Scheduled Premises</li> <li>14. Securities</li> <li>15. Sinkhole Collapse</li> <li>16. Specified Causes of Loss</li> <li>17. Sprinkler Leakage</li> <li>18. Stock</li> <li>19. Suit</li> <li>20. Tenant Improvements and Betterments</li> <li>21. Theft</li> <li>22. Unnamed Premises</li> <li>23. Valuable Papers and Computer and Data</li> <li>24. Volcanic Action</li> </ol> |
|---|---|

**Property Coverage Form**


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- |   |   |
|---|---|
| <p>A. Coverage</p> <ol style="list-style-type: none"> <li>1. Covered Property Definitions <ol style="list-style-type: none"> <li>a. Buildings</li> <li>b. Business Personal Property</li> <li>c. Accounts Receivable</li> </ol> </li> </ol> | <p>d. Employee Personal Effects</p> <p>e. Fine Arts</p> <p>f. Outdoor Trees</p> <ol style="list-style-type: none"> <li>2. Scheduled Premises</li> <li>3. Newly Acquired Premises</li> </ol> |
|---|---|



- |  |  |
|--|--|
| 4. Business Travel                             | r. Underground Water Seepage             |
| 5. Exhibitions                                 | s. Utility Services                      |
| 6. Transit                                     | t. Water Damage Repair                   |
| 7. Unnamed Premises                            | u. Windblown Debris                      |
| 8. Property Not Covered                        | 12. Combined Additional Coverage         |
| 9. Theft Limitation                            | 13. Tenant Lease Coverages               |
| 10. Covered Causes of Loss - See separate form | B. Exclusions - See separate Form        |
| 11. Additional Coverages                       | C. Deductible                            |
| a. Brands and Labels                           | D. Loss Payment and Valuation Conditions |
| b. Building Glass Repairs                      | 1. Replacement Cost                      |
| c. Claim Expenses                              | 2. Actual Cash Value                     |
| d. Consequential Loss to Stock                 | 3. Accounts Receivable                   |
| e. Contract Penalties                          | 4. Animals                               |
| f. Debris Removal - Covered Property           | 5. Building Glass                        |
| g. Equipment Breakdown                         | 6. Fine Arts                             |
| h. Expediting Expenses                         | 7. Property of Others                    |
| i. Fire Department Charge                      | 8. Stock                                 |
| j. Fire Device Recharge                        | 9. Tenant Improvements and Betterments   |
| k. Inflation Guard                             | 10. Transit                              |
| l. Installment Sales                           | 11. Valuable Papers                      |
| m. Ordinance or Law                            | 12. Value Enhancements                   |
| n. Pollutants and Contaminants Clean Up        | a. Architect and Engineering Fees        |
| o. Preservation of Property                    | b. Customs Duty, Sales Tax               |
| p. Rewards                                     | c. Extended Warranties                   |
| q. Transition to Replacement Premises          |  |

#### **Covered Causes of Loss and Common Exclusions Form**

- |   |   |
|---|---|
| A. General Exclusion                        | 13. Nuclear Hazard                      |
| B. Specific Exclusions                      | 14. Ordinance or Law                    |
| 1. Accounting and Programming Errors        | 15. Pollutants and Contaminants         |
| 2. Animals                                  | 16. Property in the Open                |
| 3. Change of Temperature, Dampness, Dryness | 17. Settling                            |
| 4. Collapse                                 | 18. Smoke (Agricultural or Industrial)  |
| 5. Delay                                    | 19. Testing                             |
| 6. Dishonest Acts                           | 20. Theft of Laptops as Checked Baggage |
| 7. Docks, Piers, Wharves                    | 21. Unauthorized Transfer of Property   |
| 8. Earth Movement                           | 22. Utility Services Interruption       |
| 9. Flood, Water Under the Ground            | 23. War, Military Action                |
| 10. Governmental Action                     | 24. Workmanship                         |
| 11. Missing Property                        | 25. Other Exclusions                    |
| 12. Nesting or Infestation                  |   |

## **PROPERTY CHOICE COVERAGE PART - DECLARATIONS**



### **POLICY NUMBER:**

This PROPERTY CHOICE COVERAGE PART consists of:

- A. This Declarations;
- B. The Property Choice Schedule of Premises and Coverages;
- C. The Property Choice Conditions;
- D. The Property Coverage Form;
- E. The Covered Causes of Loss and Common Exclusions Form; and
- F. Any other Coverage Forms, Conditions Forms, Endorsements and Schedules issued to be a part of this Coverage Part and listed below.

Various provisions in this Coverage Part restrict coverage. Read the entire Coverage Part carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to General Definitions in the Property Choice Conditions.

### **ADVANCE PREMIUM:**

### **AUDIT PERIOD:**

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Declarations" or the "Common Policy Declarations".

All Schedules listed on this Declarations are part of this Declarations.

Form Numbers of Coverage Forms, Endorsements, and Schedules that are a part of this Coverage Part:

# PROPERTY CHOICE COVERAGE PART - DECLARATIONS



**POLICY NUMBER:** 13 UUM ID8655

This PROPERTY CHOICE COVERAGE PART consists of:

- A. This Declarations;
- B. The Property Choice Schedule of Premises and Coverages;
- C. The Property Choice Conditions;
- D. The Property Coverage Form;
- E. The Covered Causes of Loss and Common Exclusions Form; and
- F. Any other Coverage Forms, Conditions Forms, Endorsements and Schedules issued to be a part of this Coverage Part and listed below.

Various provisions in this Coverage Part restrict coverage. Read the entire Coverage Part carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to General Definitions in the Property Choice Conditions.

**ADVANCE PREMIUM:** \$931.00

## AUDIT PERIOD:

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Declarations" or the "Common Policy Declarations".

All Schedules listed on this Declarations are part of this Declarations.

Form Numbers of Coverage Forms, Endorsements, and Schedules that are a part of this Coverage Part:

PC00910699 PC00020699T PC00900101 PC00100101 PC00200101 PC00300101  
PC10100101 PC10170699 PC10200699 PC10400699 PC30290699 PC31290699



## PROPERTY CHOICE - SCHEDULE OF PREMISES AND COVERAGES (continued)

POLICY NUMBER: 13 UUM ID8655

PREMISES 1

ADDRESS: ROUTE 322  
GLASSBORO, NJ 08028

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PROPERTY COVERAGE	LIMIT OF INSURANCE
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BUILDING	INCLUDED IN BLANKET BUILDING LIMIT
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VALUATION: REPLACEMENT COST	
ORDINANCE-UNDAMAGED PORTION OF BUILDING	INCLUDED IN BUILDING LIMIT
ORDINANCE-DEMOLITION AND INCREASED COST	LESSER OF 25% OF BUILDING VALUE OR \$500,000

BUSINESS PERSONAL PROPERTY (INCLUDING "STOCK")	INCLUDED IN BLANKET BUSINESS PERSONAL PROPERTY LIMIT
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VALUATION: REPLACEMENT COST

ACCOUNTS RECEIVABLE	\$250,000
EMPLOYEE PERSONAL EFFECTS (\$25,000 EACH PERSON)	\$50,000
FINE ARTS (\$10,000 EACH ITEM)	\$50,000
LEGAL LIABILITY - BUILDING	\$25,000
COMBINED ADDITIONAL PROTECTION	LESSER OF 25% OF TOTAL SCHEDULED PREMISES BUILDING AND BUSINESS PERSONAL PROPERTY VALUES OR \$250,000
DEBRIS REMOVAL ADDITIONAL LIMIT	\$25,000
EQUIPMENT BREAKDOWN:	
CFC REFRIGERANTS	\$100,000
HAZARDOUS SUBSTANCES	\$100,000
SPOILAGE	\$100,000
EXPEDITING EXPENSES - EQUIPMENT BREAKDOWN	\$100,000
EXPEDITING EXPENSES - ALL OTHER CAUSES OF LOSS	\$25,000
INFLATION GUARD	CPI - MAXIMUM OF 8%
OUTDOOR TREES (LIMITED CAUSES OF LOSS) (\$10,000 EACH ITEM)	\$25,000
"POLLUTANT AND CONTAMINANTS" CLEAN UP	\$25,000
UNDERGROUND WATER SEEPAGE	\$10,000
UTILITY SERVICES	\$10,000
INCLUDING OVERHEAD TRANSMISSION LINES	
WINDBLOWN DEBRIS	\$2,500

## PROPERTY CHOICE - SCHEDULE OF PREMISES AND COVERAGES (continued)

POLICY NUMBER: 13 UUM ID8655

DEBRIS REMOVAL ADDITIONAL LIMIT	\$25,000
EQUIPMENT BREAKDOWN:	
CFC REFRIGERANTS	LESSER OF BUSINESS PERSONAL PROPERTY LIMIT OR \$100,000
HAZARDOUS SUBSTANCES	LESSER OF BUSINESS PERSONAL PROPERTY LIMIT OR \$100,000
SPOILAGE	LESSER OF BUSINESS PERSONAL PROPERTY LIMIT OR \$100,000
EXPEDITING EXPENSES - EQUIPMENT BREAKDOWN	\$100,000
EXPEDITING EXPENSES - ALL OTHER CAUSES OF LOSS	\$25,000
UNDERGROUND WATER SEEPAGE	\$10,000
UTILITY SERVICES	\$10,000
INCLUDING OVERHEAD TRANSMISSION LINES	

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BUSINESS INCOME COVERAGE	LIMIT OF INSURANCE
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BUSINESS INCOME	INCLUDED IN BLANKET BUSINESS INCOME LIMIT
EXTENDED INCOME: 180 DAYS	
UTILITY SERVICES (12 HOUR WAITING PERIOD)	\$10,000
INCLUDING OVERHEAD TRANSMISSION LINES	

-----

PROVISIONS APPLICABLE TO "UNNAMED PREMISES"

-----

"EARTHQUAKE"	NOT COVERED
"FLOOD"	NOT COVERED

-----

NEWLY ACQUIRED OR CONSTRUCTED PROPERTY

-----

PROPERTY COVERAGE	LIMIT OF INSURANCE
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AT "SCHEDULED PREMISES":	
BUILDINGS UNDER CONSTRUCTION	\$1,000,000
AT "NEWLY ACQUIRED PREMISES":	
BUILDINGS INCLUDING BUILDINGS UNDER CONSTRUCTION	\$1,000,000

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## PROPERTY CHOICE - SCHEDULE OF PREMISES AND COVERAGES (continued)

POLICY NUMBER: 13 UUM ID8655

BUSINESS PERSONAL PROPERTY	\$500,000
ACCOUNTS RECEIVABLE	\$250,000
EMPLOYEE PERSONAL EFFECTS	\$10,000
FINE ARTS	\$10,000
LEGAL LIABILITY - BUILDING	\$25,000
DEBRIS REMOVAL ADDITIONAL LIMIT	\$25,000
EQUIPMENT BREAKDOWN:	
CFC REFRIGERANTS	\$100,000
HAZARDOUS SUBSTANCES	\$100,000
SPOILAGE	\$100,000
EXPEDITING EXPENSES - EQUIPMENT BREAKDOWN	\$100,000
EXPEDITING EXPENSES - ALL OTHER CAUSES OF LOSS	\$25,000
UNDERGROUND WATER SEEPAGE	\$10,000
UTILITY SERVICES	\$10,000
INCLUDING OVERHEAD TRANSMISSION LINES	

BUSINESS INCOME COVERAGE	LIMIT OF INSURANCE
--------------------------	--------------------

BUSINESS INCOME	INCLUDED IN BLANKET BUSINESS INCOME LIMIT
EXTENDED INCOME: 180 DAYS	
UTILITY SERVICES (12 HOUR WAITING PERIOD)	\$10,000
INCLUDING OVERHEAD TRANSMISSION LINES	

PROVISIONS APPLICABLE TO NEWLY ACQUIRED OR CONSTRUCTED PROPERTY
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"EARTHQUAKE"	NOT COVERED
"FLOOD"	NOT COVERED

COVERAGES APPLICABLE AT ANY PREMISES	LIMIT OF INSURANCE
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BUSINESS TRAVEL	
BUSINESS PERSONAL PROPERTY	\$25,000
BUSINESS INCOME	INCLUDED IN BLANKET BUSINESS INCOME LIMIT
EXTENDED INCOME: 180 DAYS	

## PROPERTY CHOICE - SCHEDULE OF PREMISES AND COVERAGES (continued)

POLICY NUMBER: 13 UUM ID8655

## EXHIBITIONS

BUSINESS PERSONAL PROPERTY	\$50,000
EMPLOYEE PERSONAL EFFECTS	\$5,000
DEBRIS REMOVAL ADDITIONAL LIMIT	\$5,000
BUSINESS INCOME	INCLUDED IN BLANKET BUSINESS INCOME LIMIT
EXTENDED INCOME:	180 DAYS

## TRANSIT

BUSINESS PERSONAL PROPERTY	\$25,000
ACCOUNTS RECEIVABLE	\$10,000
EMPLOYEE PERSONAL EFFECTS	\$10,000
FINE ARTS	\$10,000
DEBRIS REMOVAL ADDITIONAL LIMIT	\$5,000
BUSINESS INCOME	\$100,000
EXTENDED INCOME:	180 DAYS

PROPERTY ADDITIONAL COVERAGES	LIMIT OF INSURANCE
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BRANDS AND LABELS	*
"BUILDING GLASS" REPAIRS	INCLUDED IN BUILDING LIMIT
CLAIM EXPENSES	\$25,000
CONSEQUENTIAL LOSS TO "STOCK"	*
CONTRACT PENALTIES	\$25,000
FIRE DEPARTMENT SERVICE CHARGE	\$25,000
FIRE DEVICE RECHARGE	INCLUDED
INSTALLMENT SALES	\$50,000
NON-OWNED TRAILERS	\$25,000
PRESERVATION OF PROPERTY	180 DAYS
REWARDS	\$25,000
TENANT LEASE COVERAGE:	
BUILDING GLASS	*
LEASE ASSESSMENTS	\$2,500
LEASEHOLD IMPROVEMENTS	\$25,000
SPECIFIED BUILDING PROPERTY	*
THEFT DAMAGE	*
TRANSITION TO NEW PREMISES	90 DAYS
WATER DAMAGE REPAIR	INCLUDED

\* INCLUDED IN BUSINESS PERSONAL PROPERTY LIMIT OF INSURANCE

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**PROPERTY CHOICE - SCHEDULE OF PREMISES AND COVERAGES (continued)****POLICY NUMBER:** 13 UUM ID8655

BUSINESS INCOME ADDITIONAL COVERAGES	LIMIT OF INSURANCE
CIVIL AUTHORITY	30 DAYS
DENIAL OF SERVICE	\$25,000
WEB SITES AND COMMUNICATION SERVICES	\$100,000
30 DAY COVERAGE TIME PERIOD	
12 HOUR WAITING PERIOD	
DEPENDENT PROPERTIES	\$100,000



**PROPERTY CHOICE**

## **PROPERTY CHOICE CONDITIONS**

The following conditions apply to all coverages that are a part of the Property Choice Coverage Part and are in addition to the Common Policy Conditions unless stated otherwise in the coverage forms and endorsements.

### **A. GENERAL CONDITIONS**

#### **1. Abandonment**

There can be no abandonment of any property to us.

#### **2. Application of Limits**

Limits of Insurance for "Scheduled Premises", "Newly Acquired Premises", "Unnamed Premises", Business Travel, Exhibition and Transit Coverages, and Causes of Loss are subject to sublimits and limits of insurance that apply to specified Covered Property, Coverages, Additional Coverages and Causes of Loss.

#### **3. Application of Waiting Period**

In the event that more than one Waiting Period is applicable, we will apply only the longest waiting period.

#### **4. Appraisal**

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim on the grounds that it is not covered under this policy.

#### **5. Claim Settlement**

- a. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- b. We will pay for covered loss or damage within 30 days after we receive your sworn proof of loss, if you have complied with all of the terms of this Coverage Part; and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

#### **6. Concealment, Misrepresentation or Fraud**

This Coverage Part is void in any case of fraud by you as it relates to this coverage at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Part;
- b. The property covered under this insurance;
- c. Your interest in the property covered under this insurance; or
- d. A claim under this Coverage Part.

#### **7. Control of Property**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more premises will not affect coverage at any premises where, at the time of loss or damage, the breach of condition does not exist.

#### **8. Coverage Territory**

The coverage territory is the United States of America (including its territories and |

possessions); Puerto Rico; and Canada.

**Exceptions:**

**a. Business Travel**

For Business Travel coverage, the Coverage Territory is anywhere in the world.

**b. Exhibitions**

For Exhibition coverage, the Coverage Territory is anywhere in the world.

**c. Transit**

For property in transit, the Coverage Territory is within and between the United States of America, (including its territories and possessions), Puerto Rico and Canada; however, waterborne shipments are covered only if on inland waterways or in territorial waters, within 12 miles of land.

**9. Equipment Breakdown - Suspension**

When any "Equipment Breakdown Property" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "Equipment Breakdown Accident" to that equipment. We can do this by mailing or delivering a written notice of suspension to your address as stated in the Declarations, or at the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice from us. If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

**10. Equipment Breakdown - Jurisdictional Inspections**

If any "Equipment Breakdown Property" requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

**11. Errors in Description**

Any unintentional error in the description of the occupancy or location address of Covered Property will not impair this insurance, provided you report the error to us as soon as the error becomes known to you.

**12. If Two or More Coverages Apply**

If two or more coverages in this policy apply to the same loss or damage, we will not pay more than the actual amount of loss damage.

**13. Legal Action Against Us**

No one may bring a legal action against us

under this Coverage Part unless:

- a. There has been full compliance with all of the terms of this Coverage Part; and
- b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

For coverage under the Business Crime Coverage Forms, the words **the direct physical loss or damage occurred** are replaced by the words **you discover the loss**.

**14. Liberalization**

If we adopt any revision that would broaden this Coverage Part, without additional premium, within 45 days prior to inception of this policy or during this policy period, the broadened coverage will immediately apply to you.

**15. Loss Payee**

- a. For Covered Property in which both you and the Loss Payee - Standard stated in the Declarations have an insurable interest, we will:
  - (1) Adjust losses with you; and
  - (2) Pay any claim for loss or damage jointly to you and the loss payee, as interests may appear.
- b. If we cancel this policy, we will give written notice to the loss payee at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
  - (3) If we elect not to renew this policy, we will give written notice to the loss payee at least 10 days before the expiration date of this Coverage Part.

**16. Mortgageholders and Lender Loss Payees**

- a. We will pay each of the following for their interest in covered loss or damage, as stated in the Declarations in the order of their precedence, as their interest may appear:
  - (1) **Mortgageholder** for their interest in buildings or structures. The term mortgageholder includes trustees.
  - (2) **Lender** for their interest as a creditor, established by such written instruments as warehouse receipts, a contract for deed, bills of lading, financing

statements; or mortgages, deeds of trust, or security agreements.

- b. The applicable mortgageholder or lender has the right to receive loss payment even if they have started foreclosure or similar action on the property.
- c. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the applicable mortgageholder or lender will still have the right to receive loss payment if such mortgageholder or lender:
  - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
  - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
  - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder or lender.

All of the terms of this Coverage Part will then apply directly to the mortgageholder or lender.

- d. If we pay the mortgageholder or lender for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) The mortgageholder's or lender's right to recover the full amount of their applicable claims will not be impaired.

At our option, we may pay to the mortgageholder or lender the whole principal on the mortgage or debt plus any accrued interest. In this event:

- i. For mortgageholder relationships, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us;
- ii. For lender relationships, you will pay your debt to us.
- e. If we cancel this policy, we will give written notice to the mortgageholder or lender at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- f. If we elect not to renew this policy, we will give written notice to the mortgageholder or lender at least 10 days before the expiration date of this Coverage Part.

#### **17. No Benefit to Bailee**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

#### **18. Other Insurance**

If, at the time of loss or damage, there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of that other insurance, and then only after all other insurance has been exhausted, whether you can collect on it or not. But in no event will this insurance contribute with other insurance. In any event, we will not pay more than the applicable Limit of Insurance.

#### **19. Policy Period**

In this Coverage Part, we only cover direct physical loss or damage which occurs during the policy period stated in the Declarations.

For coverage under the Business Crime Coverage Forms, see the Discovery Crime General Condition, in the Crime Common Conditions and Exclusions Form.

#### **20. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the applicable Limit of Insurance.

You will pay us the amount of all recoveries of Accounts Receivable you receive for a loss paid by us. But any recoveries in excess of the amount we have paid belong to you.

#### **21. Transfer of Rights of Recovery Against Others To Us (Subrogation)**

If any person or organization to whom or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your

rights against another party in writing:

- a. Prior to a covered loss or damage, or
- b. After a covered loss only if, at time of loss, that party is one of the following:
  - (1) Someone insured by this insurance;
  - (2) A business firm that you own or control;
  - (3) A business firm or individuals, that owns or controls you; or
  - (4) Your tenant.

This written waiver will not restrict your insurance.

**Exceptions:**

- (i) For their interest in building repair or construction, you may not waive your rights to recover damages from architects or engineers except as agreed to in writing by us.
- (ii) For property in the due course of transportation, we will not pay for loss or damage if you impair our rights to recover damages from any carrier for hire, bailee or third party.

However, you may accept bills of lading, receipts or contracts of transportation from carriers for hire, which contain a limitation of value.

**B. GENERAL DUTIES IN EVENT OF LOSS**

1. In event of loss or damage, you must see that the following are done:

**a. Notify Police**

Notify the police if a law may have been broken.

**b. Notify Us**

Give us prompt notice of the loss or damage. Include a description of the property involved.

As soon as possible, give us a description of how, when and where the loss or damage occurred.

We will not deny coverage due to your unintentional failure to notify us about the occurrence of loss or damage provided notice is give as soon as practicable after you become aware of such loss or damage.

**c. Protect Property**

Take all reasonable steps to protect the property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for

consideration in the settlement of the claim. This will not increase the applicable Limit of Insurance.

Also, if feasible, set the damaged property aside and in the best possible order for examination.

**d. Take Inventory**

At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

**e. Inspect Property, Books**

As often as may be reasonably required, permit us to:

- (1) Inspect the damaged and undamaged property and take samples for testing and analysis.
- (2) Examine and make copies of your books and records including electronic records and data.

**f. Proof of Loss**

Send us a signed, sworn proof of loss containing the information we request during our investigation of your claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

**g. Cooperate**

Cooperate with us in the investigation or settlement of the claim.

**2. Examination Under Oath**

We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

**C. GENERAL DEFINITIONS**

**1. "Automatic Fire Extinguishing System" means:**

- a. Any automatic fire protective or extinguishing system, including connected:
  - (1) Sprinklers and discharge nozzles;
  - (2) Ducts, pipes, valves and fittings;
  - (3) Tanks, their component parts and supports; and
  - (4) Pumps and private fire protective mains.

- b. Non-automatic fire protective systems,

hydrants, standpipes and outlets, all when supplied from an automatic fire protective system.

2. **"Autos"** means land motor vehicles, trailers or semi-trailers designed for travel on public roads, including any attached machinery or equipment.
3. **"Building Glass"** means glass that is part of the building or structure, including solar heating panels, glass building blocks, skylights, glass doors and windows and their encasement frames, alarm tape, lettering and ornamentation.

This does not include art glass, half tone screens, lenses, memorial windows, mosaic art, rotogravure screens or any stained glass.

4. **"Computer Equipment"** includes the following equipment:
  - a. Computer hardware, including micro-processors and related component parts;
  - b. Peripheral equipment, such as printers and modems;
  - c. Computer network equipment; and
  - d. Electronic communications equipment.

5. **"Computer Media and Data"** means:

- a. Prepackaged software programs and instructional material purchased for use with your computer system;
- b. Electronic data processing, recording or storage media such as films, tapes, cards, discs, drums or cells; and
- c. Data and programming records used for electronic data processing or electronically controlled equipment stored on such media.

"Computer Media and Data" does not mean "Money" or "Securities".

6. **"Denial of Service Attack"** means the malicious direction of a high volume of worthless inquiries to web site or e-mail destinations, effectively denying or limiting legitimate access.
7. **"Earthquake"** means a shaking or trembling of the earth's crust, caused by underground tectonic forces resulting in breaking, shifting, rising, settling, sinking or lateral movement or other movement.
8. **"Electronic Vandalism"** means:
  - a. The willful or malicious alteration, manipulation or destruction of "Computer Media and Data"; or

- b. The addition of a virus, malicious code or similar instruction that:

- (1) Disrupts the normal operation of "Computer Equipment"; or
- (2) Results in physical damage to "Computer Equipment" and "Computer Media and Data".

9. **"Employee"** as respects the Business Crime Coverages means:

- a. Any natural person:

- (1) While in your service (and for 60 days after termination of service); and
- (2) Who you compensate directly by salary, wages or commissions; and
- (3) Who you have the right to direct and control while performing services for you;

- b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you. This includes temporary substitutes for permanent employees and persons under long term labor leases;

- c. Any natural person who is your partner or "Member" of the Named Insured stated in the Declarations;

- d. Any natural person, including your directors or trustees, whether or not compensated, while performing services for you as the chairperson or member of any committee;

- e. Any natural person who is acting as a non-compensated officer;

- f. Any natural person, who is a director or trustee, while acting as a member of any of your elected or appointed committees or while acting with the scope of the usual duties of an "Employee";

- g. Any natural person who is a non-compensated volunteer, other than one who is a fund solicitor, while performing services for you that are usual to the duties of an "Employee";

- h. Any natural person who is a former employee, director, partner, member, representative or trustee retained as a consultant while performing services for you;

- i. Any natural person who is a student intern who is pursuing studies or acting within the scope of the usual duties of an "Employee";



j. Any natural person, who is a student enrolled in your facility, while handling or has possession of property or funds in connection with sanctioned student activities;

k. The spouses of and children over 18 years old who reside with any "Employee" who is a building manager, superintendent or janitor.

Each family is deemed to be, collectively, one "Employee" for the purposes of this insurance, except that any Termination Condition applies individually to the spouse and children.

#### **Excluded Persons**

Except as specifically included above as an "Employee", "Employee" does not mean an:

- (1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) Any manager, director, partner, member or trustee, except while acting within the scope of the usual duties of an "Employee".

**10. "Equipment Breakdown Accident"** means direct physical loss as follows:

- a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- b. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
- c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

**11. "Equipment Breakdown Property"** means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

**Property Not Covered:** The following is not "Equipment Breakdown Property":

- a. Any structure, foundation, cabinet,

compartment or air supported structure or building;

- b. Any insulating or refractory material;
- c. Any sewer piping, any underground vessels or piping, any piping forming a part of a sprinkler system or water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- d. Any vehicle or any equipment mounted on such vehicle, draglines, excavation or construction equipment; or
- e. Any equipment manufactured by you for sale.

**12 "Flood"** means:

- a. Surface water, waves, tidal water, tidal waves, tsunamis, or overflow of any natural or man made body of water from its boundaries, all whether driven by wind or not; or
- b. Mudslide or mudflow, meaning a river or flow of liquid mud directly or indirectly caused by flooding or the accumulation of water under the ground.

"Flood" includes water or other material that backs up from any sewer, if such back-up is caused by any of the conditions in a. above regardless of the proximity of the back-up to such conditions.

"Flood" does not include back-up of water or other material arising from any other origin.

**13. "Member"** means an owner of a limited liability company represented by its membership interest, including those who may also serve in a directorial capacity.

**14. "Money"** means:

- a. Currency, coins and bank notes; and
- b. Travelers checks, register checks and money orders held for sale to the public.

**15. "Newly Acquired Premises"** means any premises you acquired after the inception of this policy.

"Newly Acquired Premises" does not include:

- a. Any property acquired through any loan or tax foreclosure process; or
- b. Any premises of others where you are temporarily working, such as installing property or performing maintenance or service work.

**16. "Policy Year"** means the period of time that:

- a. Begins with the inception or anniversary date of this policy; and
- b. Ends at the expiration or at the next anniversary date of this policy.

**17. "Pollutants and Contaminants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemical and waste, or any other material which causes or threatens to cause physical loss, damage, impurity to property, unwholesomeness, undesirability, loss of marketability, loss of use of property or which threatens human health or welfare. Waste includes materials to be recycled, reconditioned or reclaimed.**18. "Scheduled Premises"** means any premises listed by location address in the Scheduled Premises section of the Declarations.**19. "Securities"** means negotiable and non-negotiable instruments or contracts representing either "Money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter); and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not of your own issue;

but does not include "Money".

Lottery tickets held for sale are not "Securities".

**20. "Sinkhole Collapse"** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations.

This cause of loss does not include:

- a. The cost of filling sinkholes; or
- b. Sinking or collapse of land into man-made underground cavities.

**21. "Specified Causes of Loss"** means fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; "Sinkhole Collapse"; "Volcanic Action"; falling objects; weight of snow, ice or sleet; water damage, "Sprinkler Leakage"; "Theft"; or "Building Glass" breakage.

- a. Falling objects does not include loss or damage to:
  - (1) Personal property in the open; or
  - (2) The interior of a building or structure,

or property inside a building or structure, unless the roof or an outside wall or the building structure is first damaged by a falling object.

- b. Water damage means the damage resulting from the accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

For property in transit, "Specified Causes of Loss" also means:

- (1) "Flood"; or earth movement;
- (2) Collision, upset, derailment or overturn of the transporting conveyance;
- (3) Collapse of bridges, trestles, roadways, docks, piers, wharves or bulkheads; or
- (4) Stranding, sinking, burning or collision of the transporting conveyance, but only while waterborne by public carriers for hire.

**22. "Sprinkler Leakage"** means a leakage or discharge of any substance from an "Automatic Fire Extinguishing System", including collapse of a tank that is part of the system.**23. "Stock"** means merchandise held in storage or for sale, raw materials, and goods in-process or finished.**24. "Suit"** includes an arbitration proceeding to which you must submit or submit with our consent.**25. "Tenant Improvements and Betterments"** means fixtures, alterations, installations or additions made a part of the Building you occupy but do not own; and:

- a. Made at your expense; or
- b. You acquired from the prior tenant at your expense; and

you cannot legally remove.

Tenant Improvements and Betterments includes fences, signs, and radio or television towers, antennas and satellite dishes (including attached equipment).

**26. "Theft"** means any act of stealing.**27. "Unnamed Premises"** means any:

- a. Premises that you own, lease, or occupy;
- b. Premises where your property is stored or being processed;

c. Premises where you are performing work.

**"Unnamed Premises"** does not include:

- (1) Any premises covered as a "Scheduled Premises";
- (2) Any premises covered under any other Coverage;
- (3) Waste disposal or transfer sites; or
- (4) Any intermediate site while in the due course of transportation.
- (5) The premises of any "Web Site or Communication Services" provider.

**28. "Valuable Papers"** means:

Inscribed, printed or written documents, manuscripts, patterns or records including abstracts, books, deeds, drawings, films, maps or mortgages.

**"Valuable Papers"** does not mean:

- (1) "Money" or "Securities", whether or not in current circulation
- (2) Property that cannot be replaced with other property of like kind and quality.

**29. "Volcanic Action"** means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust or particulate matter; or
- c. Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to property.